

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BEREA COLLEGE)
ELECTRIC UTILITY DEPARTMENT) CASE NO. 10196

INTERIM ORDER

On February 9, 1988, Berea College Electric Utility Department ("Berea College") filed its notice of wholesale electric rate reduction and plan of refund. Therein, Berea College calculated the reduction in its wholesale power cost resulting from the rate reduction of its wholesale power supplier, Kentucky Utilities Company ("KU"). The KU rate reduction was approved by the Federal Energy Regulatory Commission in December 1987, for service rendered on and after July 1, 1987. Berea College received a refund from KU of \$57,344 for service rendered from July 1, 1987, through October 31, 1987, and began being charged at KU's reduced wholesale power rate for service rendered after October 31, 1987.

On March 2, 1988, Berea College filed an update to its refund plan to reflect sales and purchases for February 1988. Berea College proposes to pass on to its customers the current savings due to the wholesale power cost reduction by applying a refund factor to all customers' bills commencing with bills rendered on and after March 20, 1988. The proposed March refund factor will consist of a credit of 1.274 cents per kilowatt-hour based on a

cumulative power cost reduction of \$98,157 for service rendered from July 1, 1987, through January 31, 1988. Berea College proposes to calculate a new refund factor for each month after March 1988, to reflect its additional monthly power cost savings as bills are received from KU, such refunds to continue until the full power cost reduction is reflected in Berea College's permanent rates.

Berea College proposes to reflect the wholesale power cost reduction in its permanent rates when a final Order is issued in Case No. 10066, An Adjustment of Rates of Berea College Electric Utility. While some consideration has been given to requiring an immediate reduction of rates, the Commission, noting the potential for customer confusion and misunderstanding, accepts Berea College's proposal and finds that it should be approved. The Commission will issue a final Order in this case at the time a final Order is issued in Case No. 10066.

FINDINGS AND ORDERS

The Commission, based on the evidence of record and being advised, is of the opinion and finds that:

1. Berea College's proposed refund plan is reasonable and is in the best interest of Berea College's customers and, therefore, should be approved.
2. The Commission has both a desire and an obligation to keep itself apprised of the progress and results of Berea College's refund plan.
3. The best means by which the Commission can monitor the refund plan is to require that Berea College file the calculation

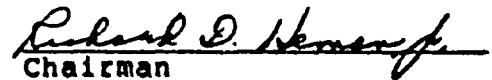
of its monthly refund factors for each succeeding month in the same format used in Exhibit G of its notice.

IT IS THEREFORE ORDERED that:

1. Berea College's proposed refund plan is HEREBY APPROVED.
2. Beginning with the refund factor to be applied to bills rendered in April 1988, Berea College shall file its monthly refund calculation, under this docket, by no later than the 25th day of the month.

Done at Frankfort, Kentucky, this 16th day of March, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director